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NO/AIDS TASK FORCE

FINANCIAL STATEMENTS

*Years Ended June 30, 2005 and 2004
with Report of Independent Auditors*

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1/24/07

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT.....	1
FINANCIAL STATEMENTS:	
Statements of Financial Position.....	2
Statement of Activities, Year Ended June 30, 2005.....	3
Statement of Activities, Year Ended June 30, 2004.....	4
Statement of Functional Expenses, Year Ended June 30, 2005.....	5
Statement of Functional Expenses, Year Ended June 30, 2004.....	6
Statements of Cash Flows.....	7
Notes to Financial Statements.....	8
ACCOMPANYING SCHEDULE:	
Schedule of Expenditures of Federal Awards.....	14
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS.....	15
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133.....	17
SCHEDULE OF FINDINGS AND QUESTIONED COSTS.....	19



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
NO/AIDS Task Force
New Orleans, Louisiana

We have audited the accompanying statements of financial position of NO/AIDS Task Force (the Task Force) as of June 30, 2005 and 2004, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Task Force's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Task Force as of June 30, 2005 and 2004, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated April 10, 2006, on our consideration of the Task Force's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements of the Task Force taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

April 10, 2006

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NO/AIDS TASK FORCE
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
ASSETS		
Reimbursements receivable	\$ 956,029	\$ 919,036
Unconditional promises to give (net of allowances of \$771 and \$2,857 for 2005 and 2004, respectively)	-	923
Other receivables	-	48,271
Prepaid expenses	9,113	11,387
Deposits	9,840	9,940
Equipment and leasehold improvements, less accumulated depreciation and amortization	52,026	33,693
Total assets	<u>\$ 1,027,008</u>	<u>\$ 1,023,250</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Cash overdrafts	\$ 16,271	\$ 21,556
Accounts payable	271,031	364,304
Accrued payroll	40,314	27,808
Accrued vacation & sick leave	104,120	96,935
Lines of credit	151,500	150,166
Capital lease obligation	1,411	2,942
Total liabilities	<u>584,647</u>	<u>663,711</u>
Net Assets:		
Unrestricted	420,861	358,539
Temporarily restricted	21,500	1,000
Total net assets	<u>442,361</u>	<u>359,539</u>
Total liabilities and net assets	<u>\$ 1,027,008</u>	<u>\$ 1,023,250</u>

The accompanying notes are an integral part of these financial statements.

**NO/AIDS TASK FORCE
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2005**

	Unrestricted	Temporarily Restricted	Total
REVENUES AND OTHER SUPPORT:			
Grants and contracts	\$ 3,224,436	\$ -	\$ 3,224,436
Fund raising	530,499	21,500	551,999
Pledges and contributions	109,371	-	109,371
Other support and revenue	175,056	-	175,056
Net assets released from restrictions	1,000	(1,000)	-
Total public support and revenue	<u>4,040,362</u>	<u>20,500</u>	<u>4,060,862</u>
EXPENSES:			
Program services	3,285,039	-	3,285,039
Support services	685,467	-	685,467
Total expenses	<u>3,970,506</u>	<u>-</u>	<u>3,970,506</u>
ALLOCATIONS:			
Allocations to other AIDS related agencies	<u>7,534</u>	<u>-</u>	<u>7,534</u>
CHANGE IN NET ASSETS	62,322	20,500	82,822
Net assets, beginning of year	<u>358,539</u>	<u>1,000</u>	<u>359,539</u>
Net assets, end of year	<u>\$ 420,861</u>	<u>\$ 21,500</u>	<u>\$ 442,361</u>

The accompanying notes are an integral part of these financials statements.

**NO/AIDS TASK FORCE
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2004**

	Unrestricted	Temporarily Restricted	Total
REVENUES AND OTHER SUPPORT:			
Grants and contracts	\$ 3,474,486	\$ -	\$ 3,474,486
Fund raising	357,159	1,000	358,159
Pledges and contributions	87,523	-	87,523
Other support and revenue	266,999	-	266,999
Net assets released from restrictions	14,500	(14,500)	-
Total public support and revenue	<u>4,200,667</u>	<u>(13,500)</u>	<u>4,187,167</u>
EXPENSES:			
Program services	3,672,984	-	3,672,984
Support services	772,069	-	772,069
Total expenses	<u>4,445,053</u>	<u>-</u>	<u>4,445,053</u>
ALLOCATIONS:			
Allocations to other AIDS related agencies	<u>4,537</u>	<u>-</u>	<u>4,537</u>
CHANGE IN NET ASSETS	(248,923)	(13,500)	(262,423)
Net assets, beginning of year	<u>607,462</u>	<u>14,500</u>	<u>621,962</u>
Net assets, end of year	<u>\$ 358,539</u>	<u>\$ 1,000</u>	<u>\$ 359,539</u>

The accompanying notes are an integral part of these financial statements.

NO/AIDS TASK FORCE STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED JUNE 30, 2005													
	Program Services							Supporting Services			Total Expenses		
	Education	Primary Medical Care	Case Management	Mental Health	Volunteer	Food for Friends	Housing / Peer Support	Medication	Total	Management and General		Fund Raising	Total
Salaries	\$ 388,120	\$ 72,365	\$ 523,885	\$ 76,292	\$ 32,655	\$ 124,054	\$ 130,395	\$ 56,719	\$ 1,404,485	\$ 217,162	\$ 92,554	\$ 309,716	\$ 1,714,201
Employee health and retirement benefits	52,790	15,239	78,144	9,534	3,976	21,876	11,305	10,141	203,005	23,220	13,325	36,545	239,550
Payroll taxes	21,678	9,299	42,170	5,837	2,505	9,175	6,944	4,222	101,830	16,605	7,088	23,693	125,523
Total salaries and related expenses	462,588	96,903	644,199	91,663	39,136	155,105	148,644	71,082	1,709,320	256,987	112,967	369,954	2,079,274
Fees and contract expenses	8,031	168,285	8,788	11,338	1,713	3,525	338	2,090	204,108	31,485	11,896	43,381	247,489
Supplies and materials	11,857	5,376	21,016	561	1,858	158,548	2,120	2,461	203,797	3,014	15,901	18,915	222,712
Telephone	6,681	1,374	14,213	336	8,623	5,131	1,160	1,900	39,418	3,016	1,611	4,627	44,045
Postage	692	384	1,102	156	67	658	227	630	3,916	186	5,824	6,010	9,926
Occupancy	40,161	10,850	42,142	5,049	2,569	20,145	6,510	9,127	136,553	12,791	10,316	23,107	159,660
Equipment costs	6,410	5,435	18,999	1,863	1,331	10,772	2,395	6,644	53,849	4,900	6,477	11,377	65,226
Transportation	7,709	1,445	33,915	372	7	1,244	11,457	-	56,149	1,159	-	1,159	57,308
Conference	34,430	20,364	11,065	1,182	105	736	1,167	-	69,049	13,596	1,262	14,858	83,907
Printing and media	-	-	-	-	-	-	-	-	-	-	105,254	105,254	105,254
Rent and utility assistance	-	-	60,154	-	-	-	8,883	-	69,037	-	-	-	69,037
Medication	-	864	5,369	-	-	-	-	571,005	577,238	-	-	-	577,238
Insurance	7,701	6,011	14,089	2,630	1,127	9,706	1,440	9,894	52,598	3,131	6,889	10,020	62,618
Lab tests	-	47,510	-	-	-	-	-	-	47,510	-	-	-	47,510
Advertising and promotion	13,446	3,658	7,487	1,766	1,042	5,171	1,194	4,761	38,525	6,602	24,824	31,426	69,951
Site expenses	-	-	-	-	-	-	-	-	-	-	24,169	24,169	24,169
Entertainment and volunteer recognition	-	-	-	-	2,831	-	-	-	2,831	5,097	5,141	10,238	13,069
Continuing education	203	-	20	80	-	98	-	-	401	550	2,325	2,875	3,276
Miscellaneous	-	-	-	-	-	-	-	-	-	-	2,670	2,670	2,670
Total expenses before depreciation, amortization & interest	599,909	368,459	882,558	116,996	60,409	370,839	185,535	679,594	3,264,299	342,514	337,526	680,040	3,944,339
Depreciation and amortization	2,606	2,119	4,842	927	414	3,095	523	3,301	17,827	1,143	2,390	3,533	21,360
Interest	259	241	605	106	53	1,272	65	312	2,913	1,644	250	1,894	4,807
Total expenses	\$ 602,774	\$ 370,819	\$ 888,005	\$ 118,029	\$ 60,876	\$ 375,206	\$ 186,123	\$ 683,207	\$ 3,285,039	\$ 345,301	\$ 340,166	\$ 685,467	\$ 3,970,506

The accompanying notes are an integral part of these financial statements.

NO/AIDS TASK FORCE STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED JUNE 30, 2004												
	Program Services							Supporting Services				Total Expenses
	Education	Primary Medical Care	Case Management	Mental Health	Volunteer	Food for Friends	Housing / Peer Support	Medication	Total	Management and General	Fund Raising	Total
Salaries	\$ 309,702	\$ 111,358	\$ 490,454	\$ 92,326	\$ 31,663	\$ 138,376	\$ 73,042	\$ 30,300	\$ 1,277,221	\$ 181,501	\$ 99,266	\$ 280,767
Employee health and retirement benefits	55,300	14,714	61,465	9,666	924	15,699	5,630	6,578	169,976	16,506	10,421	26,927
Payroll taxes	23,567	8,126	38,047	6,999	2,456	10,529	5,588	2,319	97,631	13,902	7,627	21,529
Total salaries and related expenses	388,569	134,198	589,966	108,991	35,043	164,604	84,260	39,197	1,544,828	211,909	117,314	329,223
Fees and contract expenses	11,017	168,583	48,579	14,948	508	8,426	373	2,510	254,944	90,386	16,206	106,592
Supplies and materials	16,360	4,047	21,993	1,280	1,412	407,998	2,018	2,489	457,597	2,752	22,032	24,784
Telephone	6,305	1,532	13,240	869	8,490	4,411	528	1,642	37,017	3,382	1,419	4,801
Postage	1,162	922	2,343	376	161	1,389	243	1,524	8,120	448	5,122	5,570
Occupancy	24,531	13,655	39,794	6,599	3,901	21,372	4,327	14,470	128,649	10,748	16,912	27,660
Equipment costs	8,611	5,035	26,841	2,570	2,284	9,938	1,625	5,589	62,493	6,287	6,959	13,246
Transportation	9,786	1,824	27,284	604	75	3,914	7,378	-	50,865	857	29	886
Conference	18,927	9,041	12,140	394	35	780	1,338	-	42,655	3,234	18	3,252
Printing and media	-	-	-	-	-	-	-	-	-	-	192,082	192,082
Rent and utility assistance	-	-	76,756	-	-	-	3,920	-	80,676	-	-	-
Medication	-	4,808	33,755	-	-	-	-	851,011	889,574	-	-	-
Insurance	2,439	4,147	10,440	2,195	1,122	7,318	3,951	7,318	38,930	3,828	5,464	9,292
Lab tests	-	28,545	-	-	-	-	-	-	28,545	-	-	-
Advertising and promotion	2,665	1,167	3,240	511	348	1,977	280	1,921	12,109	758	15,215	15,973
Site expenses	-	-	-	-	-	-	-	-	-	-	22,817	22,817
Entertainment and volunteer recognition	-	-	-	-	949	-	-	-	949	4,306	248	4,554
Continuing education	1,900	471	149	255	-	129	-	-	2,904	514	-	514
Miscellaneous	-	150	3,328	-	110	40	-	-	3,628	2,301	1,113	3,414
Total expenses before depreciation, amortization & interest	492,272	378,125	909,848	139,592	54,438	632,296	110,241	927,671	3,644,483	341,710	422,950	764,660
Depreciation and amortization	2,216	3,137	6,144	1,464	822	3,020	1,165	3,277	21,245	2,386	3,300	5,686
Interest	105	202	251	76	46	1,418	42	5,116	7,256	1,620	103	1,723
Total expenses	\$ 494,593	\$ 381,464	\$ 916,243	\$ 141,132	\$ 55,306	\$ 636,734	\$ 111,448	\$ 936,064	\$ 3,672,984	\$ 345,716	\$ 426,353	\$ 772,069
												\$ 4,445,053

The accompanying notes are an integral part of these financial statements.

NO/AIDS TASK FORCE
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 82,822	\$ (262,423)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	21,360	26,931
Gain on sale of investments	-	(4,848)
Non cash loss	-	1,867
Changes in assets and liabilities:		
Reimbursements receivable	(36,993)	285,229
Unconditional promises to give	923	-
Other receivables	48,271	(48,271)
Prepaid expenses	2,274	(100)
Deposits	100	(400)
Cash overdrafts	(5,285)	21,556
Accounts payable	(93,273)	(54,365)
Accrued expenses	19,691	(31,137)
Net cash provided by (used in) operating activities	<u>39,890</u>	<u>(65,961)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sales of investments	-	26,203
Purchase of equipment and leasehold improvements	(39,693)	(16,678)
Net cash provided by (used in) investing activities	<u>(39,693)</u>	<u>9,525</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net change in line of credit	1,334	23,699
Payments on capital lease obligation	(1,531)	(8,139)
Net cash provided by (used in) financing activities	<u>(197)</u>	<u>15,560</u>
Decrease in cash	-	(40,876)
Cash at beginning of year	-	40,876
Cash at end of year	<u>\$ -</u>	<u>\$ -</u>
Supplemental Disclosures:		
Interest paid	<u>\$ 4,807</u>	<u>\$ 10,229</u>

The accompanying notes are an integral part of these financial statements.

**NO/AIDS TASK FORCE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005 AND 2004**

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

NO/AIDS Task force “the Task Force” is a nonprofit organization providing support and services to people affected by acquired immune deficiency syndrome (AIDS) and human immunodeficiency virus (HIV) in the Southeast Louisiana region. The Task Force also offers educational programs and informational materials to the general public, in order to prevent more people from becoming infected and to build awareness of the serious medical, legal, social and emotional problems faced by those already infected.

The Task Force’s programs are as follows:

Education

Education continues to be the best method for slowing the spread of HIV/AIDS. This program’s goal is making the community aware that prevention is vital to reducing the spread of HIV. The Task Force uses community and venue-based outreach to talk to adolescents, injection drug users and other high-risk individuals in a non-threatening and non-judgmental manner about their behavior. Additionally, a community mobilization project develops partnerships to design and implement prevention projects in the New Orleans French Quarter community. The Education program also performs health education presentations throughout the Southeast Louisiana region.

Primary Medical Care

The Task Force offers viral-load testing, T-cell monitoring and counseling in diet, exercise and stress management. The Task Force seeks to help empower HIV-infected clients to take control of their health and lives. The Task Force has a physician on staff two days per week for preliminary medical evaluations and referrals to specialists as needed.

Case Management

The Task Force provides case managers who serve as liaisons between clients and the network of community resources to ensure that the infected live comfortably and with dignity. Case managers work with those living with HIV and AIDS to develop a plan of care that addresses their medical, financial, emotional and social needs.

Mental Health

The Task Force offers short-term individual counseling to help HIV-infected and affected individuals cope with the complex emotional, physical and practical problems they face. Support groups are offered on a regular basis and, if needed, appointments are offered with a psychiatrist once a week.

**NO/AIDS TASK FORCE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005 AND 2004**

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Volunteer

The Task Force operates a statewide hotline. The counselors who answer the phone are volunteers. The counselors answer callers' questions and provide information on HIV transmission and prevention. They provide referrals to other agencies and set up appointments for HIV testing and primary care services. Volunteer counselors staff a HIV antibody counseling and testing program where nearly 2000 individuals are tested yearly. Volunteers also staff the Food for Friends program.

Food for Friends

The Task Force delivers three well-balanced meals, seven days a week to HIV-infected individuals who are unable to provide meals for themselves. Additionally, a food pantry supplements the clients' needs with nonperishable food items and personal care items.

Housing/Peer Support

The Task Force provides assistance to HIV-infected individuals to obtain acceptable and affordable housing. Additionally, the Task Force provides a program where individual and group level support is offered by trained peers living with HIV/AIDS.

Medication

The Task Force contracts with a local pharmacy to provide medication to HIV-infected individuals. The Task Force also assists with insurance (and medical) co-payments for qualified individuals.

Basis of Presentation

The accompanying financial statements are presented using the accrual method of accounting. Under this method, revenues are recognized in the period earned and expenses are recognized in the period incurred. Grants are recognized as revenues when the conditions of the grant are considered to have been met. Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Restricted contributions whose restrictions are met in the same reporting period as the contribution are shown as unrestricted contributions.

The Task Force reports information regarding its financial position and activities according to three classes of net assets, as applicable: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. When a restriction is satisfied or expires, temporarily restricted net assets are reclassified to unrestricted net assets.

**NO/AIDS TASK FORCE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005 AND 2004**

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Donated Services

Donated services are reflected as contributions in the accompanying statements at their estimated fair values at the date of receipt. During fiscal years 2005 and 2004, a news publication company donated advertising space and services, primarily for fund raising activities. The estimated value of these donated services and the corresponding expenses for the years ended June 30, 2005 and 2004, was \$71,800 and \$165,000, respectively, and is reflected in the accompanying financial statements as other support and revenue and support service expenses.

Donated Property and Equipment

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support, unless the donor has restricted the donated asset to a specific purpose or for use for a specified period of time. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support.

Absent donor stipulations regarding how long those donated assets must be maintained, the Task Force reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Task Force reclassifies temporarily restricted net assets to unrestricted net assets at that time. If a time restriction has been stipulated by the donor, the expiration of this restriction is reported as the related asset is depreciated.

Functional Allocation of Expenses

The costs of providing the various programs and other activities of the Task Force have been summarized on a functional basis in the accompanying statements of functional expenses. In preparing these statements, certain costs such as rent, utilities and supplies have been allocated among the various programs and supporting services on the basis of program expenses to total expenses in each activity.

Equipment and Leasehold Improvements

Equipment and leasehold improvements are recorded at cost. The Task Force capitalizes all expenditures for equipment in excess of \$500; the fair value of donated assets is similarly capitalized. Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis. Leasehold improvements are amortized over the shorter of the estimated useful life of the improvement or the term of the related lease.

**NO/AIDS TASK FORCE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005 AND 2004**

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Advertising and Promotion

Advertising costs are expensed as incurred. The primary purpose of these appeals is to promote the Task Force's fund-raising events and raise awareness of the disease and its prevention.

Allocations to AIDS Related Agencies

A percentage of proceeds from certain fund raising activities is earmarked for donation to other community AIDS related agencies by management of the Task Force.

Tax Status

The Task Force is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, and it is not a private foundation.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The Task Force's estimates include those regarding the fair value of donated materials and services.

Reclassifications

Certain amounts in the fiscal 2004 financial statements have been reclassified in order to conform to the classifications adopted for reporting in fiscal 2005.

NOTE 2— EQUIPMENT AND LEASEHOLD IMPROVEMENTS

Equipment and leasehold improvements are summarized as follows at June 30:

	<u>Useful Life</u>	<u>2005</u>	<u>2004</u>
Computer equipment and software	3 to 5 years	\$ 100,811	\$ 75,753
Office furniture, fixtures and equipment	3 to 5 years	133,805	123,831
Leasehold improvements	3 to 5 years	<u>113,221</u>	<u>108,560</u>
		347,837	308,144
Less – Accumulated depreciation and amortization		<u>295,811</u>	<u>274,451</u>
		<u>\$ 52,026</u>	<u>\$ 33,693</u>

**NO/AIDS TASK FORCE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005 AND 2004**

NOTE 3 — LINES OF CREDIT

As of June 30, 2005 and 2004, the Task Force had two \$100,000 unsecured lines of credit with financial institutions. The total outstanding borrowings under these lines were \$151,500 and \$150,166 at June 30, 2005 and 2004, respectively. The first line of credit had an outstanding balance of \$90,000 and \$80,039 at June 30, 2005 and 2004, respectively, charged interest at the financial institution's prime plus 0.5% (8.00% and 6.25% at June 30, 2005 and 2004, respectively) and had an open maturity date. The second line of credit had an outstanding balance of \$61,500 and \$70,127, at June 30, 2005 and 2004, respectively, charged interest at the financial institution's prime (7.00% and 5.00% at June 30, 2005 and 2004, respectively) and matured in March 2006, at which time the bank automatically extended the maturity date until March 2007.

NOTE 4 — RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets as of June 30, 2005 and 2004 relate to cash donations received in fiscal years 2005 and 2004, respectively, that were for use in the Task Force's fiscal years 2006 and 2005 special events, respectively.

NOTE 5 — COMMITMENTS AND CONTINGENCIES

Operating Leases

The Task Force leases its administrative headquarters which also serves as an operational facility under a noncancelable operating lease at a monthly rent of \$7,100 until the lease expiration in March 2008. In addition, the Task Force leases two operating facilities for program activities on a monthly basis for a total of \$1,700 per month.

Rental expense relating to these leases was approximately \$114,100 and \$110,200 for the years ended June 30, 2005 and 2004, respectively.

Concentrations

Grants received require the fulfillment of certain conditions as set forth in the grant instruments. The Task Force intends to fulfill the condition of all grants, recognizing that failure to fulfill the conditions could result in the return of the funds to donors. The Task Force, by accepting the grants and their terms, has agreed to the conditions of the donors. Government grants represented approximately 79% and 81% of the Task Force's total support and revenue for fiscal 2005 and 2004, respectively. In addition, the balance of reimbursements receivable is comprised primarily of government grants.

NO/AIDS TASK FORCE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005 AND 2004

NOTE 6 – PENSION PLAN

The Task Force provides a simplified employee pension plan (“the Plan”) to its employees. The Plan provides, to all employees who have been with the Task Force for a minimum of two years, an annual contribution to an Individual Retirement Account (IRA) equal to 3% of an employee’s current gross eligible compensation. Contributions to the Plan were approximately \$30,500 and \$29,100 for the years ended June 30, 2005 and 2004, respectively.

NOTE 7 – ALLOCATION OF JOINT COSTS

During fiscal 2005 and 2004, the Task Force incurred costs related to the publication and mailing of its periodic newsletter; this newsletter includes requests for contributions, as well as program and management and general components. These costs are not specifically attributable to particular components of the activities (joint costs). These joint costs were allocated as follows for the years ended June 30:

<u>Expense Category</u>	<u>2005</u>	<u>2004</u>
Fund Raising	\$ 3,315	\$ 1,789
Program Services:		
Education	3,706	2,000
Primary Medical Care	2,893	1,561
Case Management	6,780	3,658
Mental Health	1,266	683
Volunteer	542	293
Food for Friends	4,671	2,520
Housing/Peer Support	693	374
Medication	4,761	2,569
Management and General	<u>1,507</u>	<u>813</u>
Total	<u>\$ 30,134</u>	<u>\$ 16,260</u>

NOTE 8 – SUBSEQUENT EVENT

On August 29, 2005, Hurricane Katrina struck the Greater New Orleans area and forced the temporary closure and relocation of NO/AIDS Task Force. As a result of the effects of Hurricane Katrina on the surrounding area, NO/AIDS Task Force’s customer base and related funding was significantly reduced.

**NO/AIDS TASK FORCE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2005**

Grantor/Pass Through Grantor/Program Title	CFDA Number	Disbursements/ Expenditures
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES Public Health Service Centers for Disease Control and Prevention - HIV Prevention Programs and CBOS Pass through:	93.939	\$ 456,421
<u>Mayor's Office of Health Policy</u> Ryan White C.A.R.E. Act Title I Funds HIV Emergency Relief Formula Grants	93.915	1,845,179
<u>Mayor's Office of Health Policy</u> Ryan White C.A.R.E. Act Title II Funds HIV Emergency Relief Formula Grants	93.915	236,697
<u>Louisiana Department of Health and Hospitals</u> Office of Public Health - HIV/AIDS Services Acquired Immunodeficiency Syndrome (AIDS) Activity	93.118	209,701
UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT Pass through:		
<u>City of New Orleans Division of Housing and Neighborhood Development</u> Housing Opportunities for Persons with AIDS	14.241	55,135
<u>Unity for the Homeless</u> Housing Opportunities for Persons with AIDS	14.241	91,171
<u>Mayor's Office of Health Policy</u> Housing Opportunities for Persons with AIDS - Case Management	14.241	82,875
<u>Louisiana Department of HIV and Aids</u> Housing Opportunities for Persons with AIDS - Exchange House	14.241	83,892
TOTAL FEDERAL AWARDS		\$ 3,061,071

NOTES TO SCHEDULE

Basis of Presentation

The Schedule of Expenditures of Federal Awards includes the federal grant activity of NO/AIDS Task Force and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

The Task Force's federal awards are operated on a cost reimbursement basis. In the beginning of the fiscal year, the Ryan White grants were operated on a units of service fee basis whereby the Task Force was compensated at fixed rates per units of service as called for in the federal grant contracts. This method of operation was changed to cost reimbursement basis during the fiscal year. Accordingly, this schedule presents the revenues earned through both the expenditure of funds cost reimbursement and the unit of service fee reimbursement.

Major Programs

Major programs are identified in the Summary of Auditors' Results section of the Schedule of Findings and Question Costs.



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors of
the NO/AIDS Task Force
New Orleans, Louisiana

We have audited the financial statements of NO/AIDS Task Force (a nonprofit organization) as of and for the year ended June 30, 2005 and have issued our report thereon dated April 10, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the NO/AIDS Task Force's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the NO/AIDS Task Force's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and questioned costs as item 05-1.

This report is intended solely for the information and use of the finance committee, management, others within the organization and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

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April 10, 2006



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
OMB CIRCULAR A-133**

To the Board of Directors of
the NO/AIDS Task Force
New Orleans, Louisiana

Compliance

We have audited the compliance of the NO/AIDS Task Force (a nonprofit organization) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2005. The NO/AIDS Task Force's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the NO/AIDS Task Force's management. Our responsibility is to express an opinion on the NO/AIDS Task Force's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the NO/AIDS Task Force's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the NO/AIDS Task Force's compliance with those requirements.

In our opinion, the NO/AIDS Task Force complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 05-1.

Internal Control Over Compliance

The management of the NO/AIDS Task Force is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the NO/AIDS Task Force's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the finance committee, management, others within the organization and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

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April 10, 2006

**NO/AIDS TASK FORCE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2005**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: *Unqualified*

Internal control over financial reporting:

- Material weakness(es) identified: _____ yes x no
- Reportable condition(s) identified that are not considered to be material weakness(es)? _____ yes x none reported

Federal Awards

Internal control over major programs:

- Material weakness(es) identified: _____ yes x no
- Reportable condition(s) identified that are not considered to be material weakness(es)? _____ yes x none reported

Type of auditors' report issued on compliance for major programs: *Unqualified*

Any audit findings disclosed that are required to be reported in accordance

with section 510(a) of Circular A-133? x yes _____ no

Identification of major programs:

CEDA Number(s)

93.915

93.939

Name of Federal Program or Cluster

HIV Emergency Relief Formula Grants

HIV Prevention Programs and CBOS

Dollar threshold used to distinguish between type A and type B programs:

\$300,000

Auditee qualified as low-risk auditee?

 x yes _____ no

**NO/AIDS TASK FORCE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2005**

Section II – Financial Statement Findings

No matters were reported.

Section III – Federal Award Findings and Questioned Costs

- 05-1** Condition: The Task Force requested reimbursement of a granting agency for an expense incurred related to a program prior to paying for the expense.

Criteria: The contract with the granting agency requires that the Task Force only request reimbursement after actually paying for the item or service.

Effect: The Task Force requested and was overcompensated \$6,087 related to services provided by another organization. Due to the closure of the service providing organization as a result of Hurricane Katrina, the Task Force has not yet been able to pay for the service provided. Subsequent to discovery, the Task Force deducted this amount from the same grant line item in the following contract year, thereby refunding the granting agency the reimbursement.

Cause: The Task Force requested reimbursement based on the date the service was provided and not the payment date as required by the grant document.

Recommendation: The Task Force should verify that expenses incurred are actually paid prior to requesting reimbursement if the grant document so requires.